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NEA FOR FRONT OFFICE AND IPA, PASS NSC FOR ABRAMS/SINGH AND
WATERS, L FOR JONATHAN SCHWARTZ

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TAGS: [IS](#) [KPAL](#) [KWBG](#) [PGOV](#) [PREL](#)
SUBJECT: CODEL ISSA MEETS WITH PA PM FAYYAD

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d)

11. (C) Begin Summary. Palestinian Authority PM Salam Fayyad told CODEL Issa June 24 that West Bank security is his first priority, and he will seek GoI coordination for the movement of the PASF between West Bank cities. He said improving access and movement in the West Bank is his second priority. Fayyad said he wants the GoI to transfer Palestinian clearance revenues immediately and without protracted negotiations to enable the PA to pay salaries. He said that USG financial assistance will be important in the medium term to provide the PA with a show of confidence and to consolidate its authority. He also requested the State Department file statements of interest in lawsuits against the PA in U.S. courts, which he said threaten PA solvency. End Summary.

Cooperation with Israel - Especially on Security

12. (C) In a June 24 meeting with Representative Darrell Issa (R-CA) and the Consul General, Palestinian PM Salam Fayyad said he wants to work with the GoI on an urgent basis. He asked that the USG urge the GOI to engage positively with the PA and to support Palestinian efforts to stabilize the West Bank. Fayyad said he wants a new Israeli attitude, as well as Israeli actions on PA requests, including clearance revenues, West Bank checkpoints and prisoner releases. He said he understands Israeli skepticism about the PA's ability to secure the West Bank, but he will do everything possible to earn credibility by demonstrating results rather than making demands.

13. (C) Fayyad said his first priority is West Bank security, which requires Israeli cooperation to move the PASF between West Bank cities. He said the PASF and IDF share lawlessness and militias as common enemies, and he wants to fight them. To do this, he said, he needs to move the PASF between West Bank cities and also to identify the fugitives whom the IDF is looking for. If the PASF and the IDF operate in the same city, he noted, the PASF will either engage the IDF or flee, and either result will undermine PASF credibility.

14. (C) Fayyad also urged the removal of West Bank checkpoints, which he said hurt the economy and "depress people." He said Palestinians "need to see that we are serious about law and order and, they need to be able to move." Progress on these two fronts, he said, will be felt immediately and will create optimism. Fayyad added that the separation barrier had made many internal West Bank checkpoints redundant.

Transfer Clearance Revenues without Delay

15. (C) Fayyad said the PA urgently needs an injection of funds, and clearance revenues are the only immediate source. He said he wants the funds transferred immediately, without long, drawn-out negotiations. He recalled the protracted negotiations in 2002 and said a replay will weaken the PA, delay payment of salaries, and allow the development of internal opposition in Israel to the transfer. He said "too much public discussion will make the transfer hard to do. It's our money. We want it transferred in an accountable way. And done." Fayyad noted that the GOI has not contacted him to discuss the details of transferring the clearance revenues.

16. (C) Fayyad said the clearance revenues will be more helpful in the immediate term than any USG financial assistance, because it can be done quickly. Fayyad said there are also Arab financial commitments, and now is the time to release the funds in the Arab pipelines.

US Assistance, Financial and Legal

17. (C) Fayyad said that the PA needs USG assistance to provide the government "breathing room" to establish itself and to show confidence in the new government. He expressed great appreciation for the OFAC general license that allows transactions with the PA and noted he will present the license to the cabinet. He said he wants Palestinians to be aware of this "significant development."

18. (C) Fayyad also discussed the impact of domestic lawsuits in the U.S. and Israel against the PA. He said the PA is now defending itself against such suits, but the default

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judgments against the PA have done great damage, as all PA transactions in dollars are at risk of seizure as these judgments are enforced. Fayyad said the GOI is cooperating with Israeli attorneys hired by the PA on some cases, and he hopes FM Livni will intervene with the Israeli court now to block such suits. (Note: According to Fayyad, this is possible under the Israeli judicial system. End Note.) Fayyad asked that the State Department file a statement of interest in the U.S. cases, which he believes will be helpful.

Gaza and Follow-Up

19. (C) Fayyad said the PA must retain Gaza "as an integral part of our homeland," but he noted that for now, his plans focus on the West Bank, because he doesn't have full authority in Gaza. Fayyad noted that he must soon decide whether to pay the salaries of PA employees in Gaza.

110. (SBU) CODEL Issa encouraged Fayyad to visit Washington and offered to facilitate meetings on the Hill "beyond the usual suspects."

111. (U) CODEL Issa did not have the chance to clear this cable.
WALLES